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ABSTRACT

This volume is intended as a supplement to "Albanian: Basic Course." The development of the Albanian economy and its status at the time the document was published are discussed in terms of industry, agriculture, and foreign trade. (JB)

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ALBANIAN

BASIC COURSE

DEVELOPMENT OF ALBANIAN ECONOMY

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Roy M. Kessler

ROY M. KESSLER
Colonel, USA
Director

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INTRODUCTION

The aim of this article is to highlight some of the most important facts concerning the development of the Albanian economy. The economic status of a nation is the basis of the cultural and political development of its people.

Many of the considerations and statistical data included in this paper are taken from the official data of the Albanian government, therefore, truth can not very well be separated from propaganda. The student should always keep in mind that Communist governments never accept failures and the Red government of Albania is no exception. Analysis of the data and of the economic system, as it is applied in the Communist countries in contrast to the economy in non-Communist countries is included in this article in order to give the student food for thought and also a basis for comparison.

CHANGES THAT HAVE INFLUENCED ALBANIA'S ECONOMIC DEVELOPMENT

The People's Republic of Albania in November 1964, celebrated its 20th anniversary. The country's economy which in the past consisted of a primitive type of farming and livestock raising, is transformed from a backward agrarian country into an agrarian-industrial one, and attempts are being made towards a transformation of Albania into an industrial-agrarian country.

At the very beginning of its existence (1945-1948), the People's Republic of Albania was helped by Yugoslavia. This help was an attempt to integrate Albania into the Yugoslav economy and especially to make Albania dependent on and consumer of Yugoslavia for all the country's needs.

After the Tito -- Stalin break (1948), Russia took the place of Yugoslavia in Albania. Since 1961, Albania and Russia have severed diplomatic and economic relations and Albania has turned to Red China for economic help and political support.

DEVELOPMENT OF INDUSTRY AND TRANSPORTATION

Socialization of the basic means of production in Albania after World War II has been more thorough than in any other Communist dominated country in the world. All the old production relationships were destroyed and replaced with socialist production relationships. The new production relationship

formed a basis for the occurrence and a rapid expansion for the sphere of influence of the economic laws of socialism. The basic difference between socialist laws of production and capitalist ones is that under socialism the state dictates what is to be done, completely eliminating private ownership and individual initiative.

As a result of the war and the Fascist occupation Albanian industry was partly destroyed. When the Communists took over the government in Albania not a single mine or factory was functioning, there was no raw material and no electric power, all as a result of the civil war.

Through aid received from Yugoslavia and the Soviet Union, Albania, by 1947, exceeded the prewar level of industrial production. Attempts to create conditions permitting a shift of the national economy onto a path of more rapid economic development brought great hardships to the majority of Albanians. However, the Albanian government having to cope with their country which had not yet passed the stage of capitalist industrialism, was determined to forgo this stage and in accordance with Lenin's assertion: "If the victorious revolutionary proletariat will conduct systematic propaganda among them and the Soviet governments will come to their aid with all means available, then it is not right to assume that the capitalist stage of development is inevitable for the backward peoples." However, the existing economic conditions at the moment of Communist take over and the subsequent efforts through nationalization of everything, have brought Albania

nowhere near to any of the European countries in industrial or agricultural production.

The socialist industrialization of Albania, i.e. the multilateral process of transformation of the country from a backward agrarian country into an industrial state is estimated to last for a long time. The basic stages of industrialization are the five year plans, with the conversion of the basic means of production into common property, the Albanian government attempted to create new premises for the even development of the country's economy. The national economy of Albania started to develop on the basis of a single state plan, at first they were one year plans (1947-48) and then two year plans (1949-50). Considerable difficulties were encountered in the economy of the country during the first years: the slow rate of development of agricultural production, the absence of trained personnel, lack of equipment, etc. Of great significance in Albania's solution of the problem of industrialization was the fulfillment of the First Five Year Plan (1951-55), adopted by the 2nd Congress of the Albanian Labor Party (Communist Party) in 1952. One of the basic tasks stipulated by this plan was the transformation of the country from an agrarian into an agrarian-industrial country. In order to establish this it was necessary to create a domestic industrial basis. The volume of capital investments in industry amounted to 48.4% of the overall volume of capital investments in the national economy.

During the First Five Year Plan the Albanian people had to surmount the century old economic backwardness, but economic

and cultural progress cannot be achieved by orders from above. They have to go parallel with other values. However, some progress was achieved in these five years: approximately 150 state and cooperative enterprises were constructed or repaired, and in addition mining, metal processing, oil production, ship building, food, footwear and other branches of industry were considerably expanded. According to the data furnished by the People's Republic of Albania, all the enterprises fulfilled the Five Year Plan assignments.

Certain amendments to the plan were made in the course of its fulfillment, since the authors of the plan had been too overenthusiastic in planning the industrial growth without taking into consideration the existing possibilities. Thus, just one year after the publication of the Five Year Plan, the Central Committee of the Albanian Labor Party was forced to amend the plan for capital investments to exclude the construction of certain industrial projects, such as the construction of a steel mill, paper mill, a coal briquet plant; to postpone two completion dates for the construction of an oil refinery and hydroelectric power plant. In the oil, copper, coal and bitumen industries the Five Year Plan could not be fulfilled, mainly due to the absence of surveyed geological deposits. The food industry also failed to fulfill its plan due to an insufficient supply of agricultural raw materials, particularly during 1951 and 1952 which were dry years. Enver Hoxha, first secretary of the Albanian Labor Party, in pointing out certain difficulties and inadequacies that

appeared in the course of the Five Year Plan, remarked that they were caused by an improper consideration of the conditions and possibilities existing in Albania during the compilation of the plan for a number of the branches in the national economy, as well as inadequacies in economic direction on behalf of the economic, state and party organizations.

In resolving the basic tasks of the First Five Year Plan, the Albanian Labor Party (Communist Party) undertook the formulation of the Second Five Year Plan for 1956-60. The basic task in the development of industry was formulated in the following manner: the further development of industry, especially of the mining industry, was essentially on a basis of the full utilization of the existing production capacities and the mobilization of domestic resources. In this plan considerable attention is devoted to the development of the oil industry and to the construction of electric power plants. A sharp increase in the output of light industry is also stipulated on a basis of locally available raw materials.

REMARKS ON THE FIVE YEAR PLANS AND COLLECTIVIZATION

Five Year Plans as dealt with here, or as understood in Communist dominated countries originated in Russia, under Stalin (1928). Planning in industry and agriculture or in any human endeavor is as old as the human race, but in a free economy it is done according to supply and demand, whereas in the Communist countries it is done according to political and economic considerations by the state or the dictator.

If, for example, Stalin thought that in Siberia tomatoes or oranges could be raised, the idea had to be tried, if the attempt did not succeed then scapegoats were found and punished. The state or the dictator were never brought into question as being responsible for failures in economic planning. In such a setup, the quality of production suffers and there is no variety. Prices are set by the state and the bureaucratic overhead causes many items to be out of reach for the average person.

With all the planning and state control, the Soviet Union has not been able as yet to create a standard of living for its people comparable to the other Western European nations. Whenever the human spirit is oppressed and individual initiative bridled, progress is slowed down. The idea of collectivization and nationalization on a large scale, as it is applied in Communist countries, is alien to human nature. We may observe even in animals, such as squirrels, etc., the urge to have things of their own is instinctive. This urge to possess, to improve, to excel has brought about the good things that we enjoy today. If something belongs to everybody, as the Communists would have us believe, it does not belong to anybody. The Albanian Communists have applied the Marxist doctrines to everybody else but themselves. A district in the city of Tirana has been completely separated from the rest, surrounded by barbed wire and reserved for the high ranking members of the Communist Party. They have their own stores filled with merchandise from France and Italy, and all other commodities

found in the Western countries. All this is done on the pretext that the enemies of the people would harm the Communist chieftains if they led an ordinary life like the other Albanians. The very few Western newspapermen and other visitors are never allowed to go near the district where high ranking party members and government officials live.

DEVELOPMENT OF VARIOUS INDUSTRIES

POWER SUPPLY

A general law for all countries in conducting socialist industrialization is the creation of an initial fuel power and various types of machine building, which serve as a basis for the development of agriculture and industry.

The most important power basis for national economy will, in the near future, be electric power. A study of power resources indicated that Albania is rich in oil, coal and hydroelectric power. The larger Albanian rivers -- Drini, Shkumbim and Semani with their tributaries contain considerable sources of hydroelectric power: they have a capacity of approximately 2 million kilowatts.

In 1951, the government enterprises completed the Lenin Hydroelectric plant on the slopes of the Dajti Mountain near Tirana, with a capacity of five thousand kilowatts.

In addition to this, in several parts of the country hydroelectric plants have been constructed, the largest one being on the river Mati in Northern Albania. This plant produces 120 million kilowatt hours per year. As a result of this hydroelectric plant the production of electric power increased twelvefold by comparison with 1938. Construction of other hydroelectric power plants has been completed in the south on the Bistrica River and north on the Mati River.

As of today the electric power in Albania has increased twentyfold by comparison with 1938. However, Albania needs much more time and building of power plants to reach the

percentage per capita of other European nations.

MINING INDUSTRY

The mining industry performs a most important role in the development of the national economy. Albania is rich in useful minerals: oil, bitumen, chromium and copper ores, etc. Since Albania does not have adequate modern melting plants and adequate oil refining facilities, exports to Yugoslavia until 1948, and exports to the Soviet Union up to 1960, were at a great disadvantage for Albania. The output of the mining industry occupies an important position among the commodities designated for export. Some 55% of the overall exporting volume consists of products from the mining and oil industries.

EXTRACTION AND REFINING OF OIL

Oil occupies a position of first importance among the useful minerals in Albania. Oil deposits, concentrated in the southwestern part of the country, are capable of fully satisfying the growing needs of Albania's national economy and partially the needs for export.

The extraction of oil and natural bitumen has been conducted since ancient times. Right after World War I, foreign companies -- American, Italian and British, made their bid for control of Albanian oil. Italian capital assumed control of the Albanian oil and a pipeline from Patos to the Port of Vlora brought the oil into Italian tankers. In 1939, Italy extracted 108 thousand tons. During World War II oil production decreased considerably and most of the equipment was destroyed. After 1944, the Albanian Communist government

with help from the Soviet Union undertook rebuilding of the facilities and by 1960 more than a half million tons per year were being extracted.

The principal deposits of oil in Albania are found in Patos, and in the vicinity of the cities Stalin and Cerrik. Patos is the main oil producing region; oil produced in this region comprises 83% of the entire volume of oil production in Albania. Increase in the production of oil is basically taking place because of new oil wells in operation. In order to search for oil deposits drilling of test wells was started in 1956, reaching in depth from 3 to 3.5 thousand meters.

Until recently oil was exported and petroleum products were imported into the country. Now two modern oil refineries have been built with a capacity of 310,000 tons per year. Thus at present, almost all oil is refined by domestic plants. The country manufactures one of the best types of bitumen; tractor kerosene; diesel fuel; gasoline; oil; lubricating oil and other petroleum products.

PRODUCTION OF BITUMEN

The production of natural bitumen is of significance to the Albanian economy. Albanian bitumen is distinguished by its purity (it contains 85% pure bitumen), it is used to produce liquid fuel and industrial oils. Albanian natural bitumen has been extracted in Selenica for a long time. Before the war 17 thousand tons were produced per year.

The Selenica mines were controlled by French, Italian and British capital. Recently the Albanian government has built a smelting plant furnace for the production of petroleum asphalt. At the present time 32 thousand tons of natural bitumen and 182.7 thousand tons of petroleum asphalt are produced per year. From Selenica bitumen is shipped almost entirely by narrow guage railway to the Port of Vlora for export.

PRODUCTION OF COAL

Many areas in Albania contain deposits of lignite coal. Deposits of anthracite coal have also been found. The presence of coal close to industrial cities is a significant source of energy, which is utilized in the country's economy. The extraction of coal in Albania began after World War II. Large deposits have been located at Mborja-Drenova, Krab and Dajti.

These mines and others fulfill completely the needs of the country at the present time.

MINING OF COPPER AND CHROMIUM ORES

Albania contains considerable mineral deposits, it is particularly rich in chromium and copper ores. The principal chromium mining centers are Pogradec, Bulqiza and Martanesh.

After the war the chromium mines were provided with new equipment and Soviet experts began extracting chromium on a large scale. While the Soviet experts were working and directing the operations, Albania occupied first place in

the world per capita production of chromium ore. At the present time Albania produces over 200 thousand tons of chromium ore per year. During World War II large deposits of chromium were located in the Tropoja-Kukës region of Northern Albania.

Chromium ore is highly valued on the international markets. It contains up to 56% chromium oxide. It is one of the biggest export items in Albania and it amounts to 27% of the export trade.

The largest mines of copper ore are concentrated in the Fani River basin, close to the villages -- Rubik, Kurbnesh and Puka. The processing and extraction are now mechanized. In Rubik and Kurbnesh the modern copper smelting plants set up and operated by the Russians have now after the Russo-Albanian break been taken over by Albania and operated by Albanian technicians.

Recently a new deposit of iron-nickel ore was discovered in Pishkas. This deposit in one year yielded 80 thousand tons of ore.

The technical-economic indexes for the Albanian mining industry show that in the future it will be possible to create a metallurgical industry for the smelting of iron-nickel, copper and chromium ores, which will inject considerable additional wealth into the national economy.

METALWORKING INDUSTRY

Industry of Albania, similar to that of any other Communist country, is managed by the state. It is developed in accordance

with the interests and requirements of the Albanian Labor Party (Communist Party), and until 1961, it was planned and developed by Soviet experts to fit the overall Communist camp without taking into consideration the particular needs of Albania. Since the Soviet Union needed raw materials, Albania was compelled to grant Russia all kinds of favors, and production of machinery or heavy equipment was not allowed in Albania. On the other hand, the Soviet Union unloaded out-dated equipment in Albania as payment for their materials and also, supplied specialists to exploit the extraction of mineral ores needed in the Soviet Union.

The largest metalworking enterprise is the mechanical plant, Enver Hoxha, in Tirana which was constructed in 1948. This plant repairs motor vehicles, motors and manufactures agricultural machinery.

The output of the metalworking industry is nowhere near to fulfilling the needs of the country.

BUILDING MATERIAL INDUSTRY

The extensive building that is taking place in Albania requires a considerable volume of building materials: cement, brick, shingles, glass, timber and other items. Brick factories have been added to those existing and now Albania produces 120 million bricks a year.

Four large cement factories, located in Vlora, Korça, Shkoder and Tirana, satisfy the country's requirements for cement and permit exportation of cement to other countries. In 1960 a plant for the production of component materials was

completed. This plant manufactures concrete and for the time being fulfills the needs of the country.

WOODWORKING INDUSTRY

Significant success has been attained by the timber industry, which faces considerable perspectives for development in Albania: 47% of the country's territory is covered with forests, their combined area amounts to 1,356 thousand hectares. Deciduous varieties predominate (65.4%). Approximately 465 thousand cubic meters of building timber is produced annually in addition to 2.5 million cubic meters of firewood.

The country has several sawmills, the largest one is located in Ars in the Puka region. The Elbasan wood products combine, equipped with the latest machinery, began operating in 1951. The combine was designed in the Soviet Union and constructed with the help of Russian specialists. Elbasan is favorably situated, in an economic geographic sense, in a foothill area abundant with high grade timber (beech, oak, walnut and pine), on the right bank of the Shkumbini River. Timber is floated down stream to the combine. The finished products are shipped by railway and truck to construction sites in Albania and part of them delivered for export to the Port of Durres.

The timber combine, Nako Spiru, in Elbasan provides all material necessary for the manufacturing of furniture, railroad construction, as well as for production of paper, matches and wood chemistry. Timber areas are assigned to the combine and include an area of approximately 45 thousand hectares,

with a total reserve of approximately 65 thousand cubic meters of industrial timber. The combine contains drying chambers.

In order to further develop the timber industry, the Albanian government is confronted with the following tasks: to increase the variety of products, continue mechanization of labor, improve internal transportation of timber, eliminate production losses, which at present are considerable, and improve the technical status of the sawmills.

TEXTILE AND LEATHER INDUSTRY

The Albanian government has an adequate basis of raw materials for the development of the leather footwear industry. Animal husbandry is well developed in the country: cotton, flax and hemp are grown. The textile and leather footwear industries were poorly developed in prewar Albania. Several spinning-weaving factories and small leather enterprises were unable to satisfy the country's requirements.

During the postwar period, a number of enterprises have been constructed, but the government as yet has not been able to satisfy the needs of the people. The Albanians are dressed worse now than they were before the war.

A leading enterprise of the textile industry is the textile combine called Stalin in Tirana, which began production in 1951. The combine consists of spinning-weaving mills and a dye plant, as well as auxiliary workshops. It is capable of producing 20 million meters of fabric per year. The combine manufactures several dozen varieties of cloth in different colors.

In the Stalin combine, a plant for manufacturing velvet began operations in 1957. Its capacity is 1 million meters of velvet per year. A knitting plant was constructed in the city of Korça in 1958.

The Albanian leather footwear production consists of eight tanneries. The largest being located in Vlora, Shkoder, Durres and Gjinokaster, the capacity is 1 million pairs of shoes per year.

In Tirana and Durres there are small enterprises that produce rubber footwear. Raw material for the manufacturing of rubber footwear is imported from abroad. In 1958, with the help of Czech specialists, a new shoe factory was erected in Tirana. In this factory production is shifted from piecemeal to serial production.

FOOD INDUSTRY

The multilateral development of Albanian agriculture provides various raw materials for the food industry in Albania.

The foundation for the present food industry was established during the first Five Year Plan (1951-1955). A number of food industry enterprises were constructed during the postwar years: sugar mill in Korça, rice mill in Vlora, several vegetable, fruit and fish canneries, plant for manufacturing starch, etc.

The sugar industry is a leading branch of the food industry. The sugar industry was unknown in Albania before the war.

The fruit canning industry consists of small enterprises that dry and can the fruit. One of the new branches of the food industry in Albania is the liqueur industry, which began

producing liqueur in 1949. At the present time the production of liqueur utilizes the orange, tangerine, lemon and other extracts of domestic origin. Albanian liqueur is of high quality and is therefore in demand on the foreign markets. Ten state wineries were equipped with Soviet equipment and distilleries for the production of cognac installed. The quality of the cognac produced in Albania cannot yet compete with French, Greek and Italian cognac. Olive oil mills are located in Tirana, Berat and Vlora. Many old semi-handicraft oil mills are still in operation.

In order to provide the food industry with glass containers, a factory producing glass was erected in Tirana. Of the entire output of the factory, 90% are products designed for packaging of various items produced by the food industry. The existing glass factory in Korça could not fulfill the growing needs for glass products.

The tobacco industry in Albania occupies an important place. Albanian tobacco is in demand all over the world. Cigarette factories were in existence before the war in several cities. The present government has tried to improve factories and also enlarge plantation and production of tobacco in Albania. In trying to increase production through collectivization, the quality is not as good as it was before World War II.

TRANSPORTATION

Before World War II, Albania was the only European country without railroads. The highways connected only the

largest cities. The number of motor vehicles was insignificant as compared to other European nations.

From 1944 on, the Albanian government has striven to build and improve a system of highways, in order to cope with the ambitious plans of industrialization of the country. The principal automobile highways reach from the sea ports to the major cities. The costal regions of the country are joined by a highway that passes through Shkoder, Durres, Vlora and Saranda.

In the postwar period 125 kilometers of railroad was constructed; Durres-Elbasan 77 kilometers and Durres-Tirana 37 kilometers, with railroad spurs to industrial enterprises amounting to 11 kilometers.

Motor vehicle transportation performs a decisive role in domestic transportation, it accounts for 78% of the country's cargo turnover. Sea transportation plays an important role in foreign trade. The most important sea ports are Durres, Vlora, Saranda and Shëngjin.

Considerable work has been done in the field of communications. The total of telegraph lines has increased approximately twofold and that of telephone lines almost fifty times, as compared with the prewar period.

AGRICULTURE

In the field of agriculture the Albanian Labor Party (Communist Party), has strictly followed the Marxist-Leninist principles. According to this principle, all the land has been taken over by the state through the so-called agrarian reform. Although in the very beginning the agrarian reform seemed to equalize the property and had the support of the peasants, who did not own land, it has had disastrous consequences. The peasants soon found out the land was not theirs. They could not plant what they wanted, and furthermore, they had to join state cooperatives and work for the state.

COOPERATIVES

In Albania, as in other Communist countries, cooperativization became the basic form of drawing the peasantry into large socialist farms. The first mass cooperative organization was the marketing and supply cooperative, which amalgamated the peasants' work in the field of marketing. As they expanded their economic significance with state support, marketing and supply cooperatives forced private traders out of the sphere of commodity exchange.

Cooperativization was conducted at first with the preservation of private ownership of the land. It began with the socialization of labor and the means of production, and was completed with the socialization of the land. These stages in the development of cooperatives are determined by the

various degrees of socialization of the means of production and by peculiarities in the distribution of a portion of the income as personal income.

The various stages in development of cooperatives in Albania may be observed by the basic stipulations of the cooperative statutes. Before February 15, 1949, the following system of distribution of income was used at the producers' cooperatives: 40% of the personal income based upon the land contributed and 60% according to the labor performed. The amount of land and cattle remaining in the personal possession of agricultural cooperative members was not limited; there was no minimum required number of work days that each cooperative member would be required to complete; and proper attention was not devoted to the social composition of the cooperative. According to the Albanian Communists, the "kulaks" (rich peasants) who penetrated into the cooperatives used all possible means to thwart the building of cooperatives.

Since this system mentioned above failed, the Albanian government introduced a new statute pertaining to agricultural producers' cooperatives. This system, which was introduced in February 1949, was formulated on the basis of experiences in the Soviet Union. The basic provisions of this statute were: that a minimum of 25-30 families and 20 hectares of land were necessary for the organization of an agricultural producers' cooperative; kulaks (rich peasants-non-existing at that time in Albania, because they had been massacred or thrown in concentration camps) were not allowed to join the

cooperatives; income to be distributed according to the amount of labor performed, and minimum number of work days was established; the dimensions of privately owned land plots were limited (up to 0.3 hectares), as well as the number of cattle per family.

Two stages may be noted in the development of cooperativization of agriculture in Albania: first from 1946 to 1955, when the process of cooperativization was proceeding at an even pace; the second stage began in 1956 and proceeded at a rapid tempo. At first the country did not have the means to proceed with cooperativization of agriculture at a rapid tempo, because of the great number of individual peasant farms, (in 1952 there were over 145 thousand individual farms); primitive methods and primitive production equipment used by Albanian peasantry; and inadequate aid from the government.

During the First Five Year Plan (1951-1955), the problem of the necessity to accelerate growth in agricultural production was most acute. Development of industry, increase in population and the growing urban population demanded an increase in agricultural production. Agricultural production lagged far behind industrial production and industry lacked the agricultural raw materials needed to feed an ever increasing urban population.

A solution to the existing situation was a more rapid development of agriculture, which required an organizational and economic strengthening of the cooperatives and an expansion of state farms and machine tractor stations; the provision

of agriculture with modern technology; and finally, a considerable increase in state aid to the toiling peasantry.

Compelled to do something or face starvation, the government extended increasingly more aid to agriculture. It lowered the size of mandatory deliveries to the state, cancelled the overdue deliveries and decreased agricultural tax. During the First Five Year Plan, the peasantry received more than 1 billion leks (Albania's monetary unit, $1.00 is equal to 150 leks, official exchange). In addition to this the government supplied the cooperatives with seed, agricultural equipment (which still is primitive in comparison with the US or even with the Soviet Union), chemical fertilizers, pedigree cattle, building materials and aid in construction of irrigation and drainage canals, and continues to supply these needs.

As a result of this, the Five Year Plan was marked with significant success in the field of agricultural production.

The Second Five Year Plan was a turning point in the development of animal husbandry. The number of livestock increased, measures for preventing the destruction of cattle by the rich peasants (who did this rather than join the cooperative), were taken and as a result the prewar level was on the whole exceeded. Government statistics show that in comparison with 1938, the number of whole-hoofed cattle in 1955 increased by 105%; the number of large horned cattle increased by 108%; sheep by 108%; goats 109%; hogs 562% and poultry by 116%.

Statistical data furnished by Communist countries should be taken with suspicion, since Communists very seldom admit

failures. Only when starvation has menaced their populations have they admitted failures in agriculture. Thus the above data from the Albanian government cannot be taken seriously. There is no doubt that increases in production have occurred, but the population of Albania has also doubled since 1938.

According to Lenin, "the most convincing argument for the amalgamation of peasantry into cooperatives is a practical demonstration of the advantages of cooperativization to the peasants. The individual peasant will engage in collectivized production only after he becomes convinced that it is much better than the individual method of production." In no Communist dominated country have the peasants joined the cooperatives willingly. The Soviet Union after so many years of experimenting is still not able to produce enough food for its population. Prior to 1917, Tsarist Russia not only produced enough for its population but exported a considerable amount of grain each year.

Although the collectivization of land and forced cooperativization have proved to be a failure, the Albanian government has persisted in bringing every peasant into the fold of socialized agriculture. Albania has never produced enough to feed its population because of the mountainous nature of the land and because Albania in 1913 was deprived of the Kosova region, rich in arable land, fruit production and cattle raising.

The basic form of organization in the agricultural cooperatives is the producers' brigade, which is assigned a

sowing area, agricultural implements, draft cattle and farm buildings. Each brigade consists of separate links. According to the organization of the agricultural artel, production norms are examined and adopted by a general meeting at the beginning of the agricultural year. Every member of the cooperative is paid at the end of the year in accordance with the number of work days completed.

In accordance with the resolution of the Council of Ministers, July 1958, the cooperatives are ordered to pay for labor, not only on a basis of the number of work days worked, but also on a basis of the level of attained production; and to provide premiums in the form of credit for additional work days or cash, or just additional cash for those brigades that surpass the planned crop yield for a given type of crop.

In the development of agriculture the Albanian government has followed the Soviet experience in the organization of kolkhozes. In order to familiarize themselves with the operation of kolkhozes, Albanian peasants were sent to the Soviet Union and Russian specialists were sent to Albania.

STATE FARMS

In Albania considerable significance is attributed to the development of state farms -- the highest form of socialist agricultural organization. State farms perform a big role in the development of agricultural production for use by the cities. The first state farms were organized in 1957 on the basis of large nationalized landowners' estates. Subsequently a good part of forest and bush covered areas were cleared, and swamps

drained for use as state farms. The "Maliq" state farm was organized on land which became available after a swamp was drained in the Korça region.

The country contains 23 state farms, consisting of animal husbandry, olive growing and seed production, whose share of overall output of agricultural production is increased with every year. The state farms conduct extensive work in supplying the newly organized cooperatives, as well as individual farms, with quality seed, olive, citrus and fruit tree seedlings.

The animal husbandry state farms in Albania have the best breeds of cattle in the country. These farms raise thoroughbred cattle. In order to improve the quality of wool, the sheep breeding farms (6% of the entire sheep population), cross breed the "Tsygay" and "Ruda" (the former is a species of ram imported from the USSR) with local varieties of rough-wooled sheep.

The state farms are staffed with qualified agronomists and mechanics, graduates of the Agricultural Institute of Tirana. The directors are specialists but political considerations are decisive in their selection.

According to government statistical data only the sheep breeding farms are profit making, the others work at a considerable loss.

MACHINE TRACTOR STATIONS

The Machine Tractor Stations are a basic industrial and material technical foundation for a socialist reorganization

of agriculture in Albania. Prior to the break with the Soviet Union, used tractors and other outdated agricultural machinery were purchased in the Soviet Union in exchange for raw materials. Old tractors, newly painted red, and threshers were unloaded in Durres, but since they were old and used for many years their life span was very short. The Albanian government did not complain, and could not very well, since the Russians maintained that the Albanians did not know how to take care of the machinery and did not have adequate repairing facilities.

The tractors are used by all the state farms and co-operatives. Each agricultural region has a machine tractor station with maintenance facilities and personnel. Due to the mountainous nature of the country, in some regions draft animals are still used in agriculture, and production per hectare is very low.

FOREIGN TRADE

Before World War II, most of Albania's foreign trade was with or through Italy. The only finished industrial products exported were cigarettes, cheese and olive oil. Raw materials, such as hides and petroleum, were exported to Italy. Albania imported textiles, cars, machinery, agricultural tools and machinery, cement, wheat, corn, etc.

After the Communists took over, during the period that Albania was under Yugoslav tutelage (1945-48), the foreign trade of the country was conducted exclusively with or through Yugoslavia. Joint Yugoslav-Albanian commercial companies with Yugoslavs as directors regulated the flow of goods. By 1948, proposals for a joint monetary system were seriously considered and at the moment of the Tito-Stalin break, Albania had almost become an integral part of the Yugoslav economic system. From 1948 to 1961, Albania gained a little economic independence because there are no common borders between Russia and Albania, and furthermore Russia used Albanian goods and raw materials in the economic sphere of COMECON (the Soviet organized "Council for Mutual Economic Assistance). In the course of the 22nd Congress of the Soviet Communist Party in Moscow in November 1961, Khrushchev publicly denounced the Albanian leaders, accusing them of hostility toward the Soviet Party and people, and of persisting in following the Stalinist cult. He demanded their exclusion from the Socialist camp. This move was immediately frustrated by Chou En-lai, Chairman of the Peking delegation, who backed

the Albanian Reds. A month later the Soviet Union broke diplomatic relations with Albania. Thus all the projects initiated with the help of the Soviet Union had to be abandoned or changed. Trade relations with the Soviet Union ended immediately and Albania had to find new ways of fulfilling its export-import needs. Although the European Soviet satellites were urged by Khrushchev to break relations with Albania, they kept chargé d'affaires in Tirana and did not completely sever relations with Tirana. However, economic cooperation diminished considerably. After the 22nd Congress of the Communist Party of the Soviet Union, Albania became a satellite of China and the latter has agreed to extend to Albania a loan of about 123 million dollars for the period 1960-1965. Of Albania's foreign trade, 90.3% is made with the Socialist countries, of which Red China accounts for 59.1%; Czechoslavakia 17.4%; and the other Communist countries 13.8%. These statistics clearly show how poor the trade relations are between Albania and the West. At the present time Albania has trade agreements with Italy, Ghana, United Arab Republic, Iraq, Austria, Brazil, Cuba, Yugoslavia and France. The volume of exchange with all these countries amounts to something less than 10% of Albania's total foreign trade.

In Albania's exports, minerals hold first place with 51%, followed by industrial goods 33.5% and by agricultural produce 14.5%.

The main items of export are chrome, ferrous ores, petroleum, coal, asphalt, copper, tobacco, cigarettes, cotton and fruits.

CONCLUSIONS

The aim of this study is to acquaint the reader with the economic potential of Albania and also to show how a socialized economy works. The reader should understand that a socialized economic system is alien to our way of thinking and almost half a century has proved that it cannot, in the overall picture, compete with the free economic system of the free nations of the world. In such a system free enterprise is suppressed with the promise of a never to come abundance of everything. The Soviet Union is a good example that this stage of everybody having everything they want, can never be reached. In such a system the incentive of the intelligent, of the enterprising, and of the creative individual is suppressed, in the majority of the cases ruthlessly suppressed, even resorting to mass murder. It is estimated that during Stalin's period in Russia 15 to 20 million people were murdered. In Albania as well, mass murder of adversaries of the Red regime, starvation in concentration and forced labor camps has been and still is common practice for the Communist government.

As long as Albania was on good terms with the Soviet Union and its European satellites, it was hoped that with economic help and trade exchanges the standard of living of the Albanians would improve somewhat; unfortunately this has not happened since Albania has allied herself with Red China, a country that is not in a position to be of much help to Albania. The help received from Red China is insignificant

and many industrial projects that Albania had already initiated with Russian promises have remained on paper, without any prospect of completion in the near future.

The industries built from 1945 - 1960 were planned to fit into the picture of the Soviet dominated countries; thus the needs of the country were neglected. On the other hand, Albanian industry is in its infancy and cannot compete with that of well developed countries. It will take a long time before Albanian industry will be able to fulfill in part the needs of the country.

This analysis must not be understood to mean that some progress has not been made in Albania. Progress has undoubtedly been made, but Albania has had the hardest time among all the European nations with regard to industrial development. The two world wars of this century caused much damage to the country, both in material things and in human lives. Albania entered the XX Century with an oriental outlook on life. It was the last European nation to gain its independence, after five centuries of Turkish domination, and furthermore, the country was dismembered and deprived of its most fertile regions.

The natural economic relationship inside the country was completely overturned in 1913; the separation of the grain producing plain of Kosova from the country, deprived it of its agricultural products and of more than half of its population. Normal trade routes and trade centers that for centuries had prospered and grown were impoverished and lost their importance. Albania has had to cope with these problems and they will continue in the future as well.

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